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Dear Sir/Madam A proposal for an open National Loan Identification Number (NLIN) - an opportunity for lasting improvement in Fixed Income markets My name is Alan Morley and I would like the opportunity to talk to you about a way to improve the quality and integrity of the Fixed Income product marketplace. This letter will discuss the merits of a National Loan Identification Number (NLIN) and database. I have many years in financial regulations and have devised and implemented a number of Compliance and Surveillance systems covering Operations processes, Reputation Risk and Legal & Compliance. The NLIN database would openly list every loan (over a given value) and key data attributes so that all investors could see the potential of any registered US loan at origination. NLIN would be similar to a VIN as used for automobiles. It is similar in concept to the American Securitization Forum's (ASF) Loan Identification Number Code (LINC), but is much richer in content and value and is openly available to any and all institutions wishing to conduct business with Fixed Income products. Benefits of NLIN The best means to enable reform of Wall Street Fixed Income markers - Everyone using standardized data Greater transparency for all loans over a given denomination and/or risk profile Market Stability through better price transparency Having all loan originating institutions register their loans will ensure proper due diligence is done prior to the loan being closed Unique identifier is machine-readable enabling automatic review and oversight Reduces reliance on rating agencies or the ASF who use "closed" algorithms and proprietary standards - too much reliance on these institutions are one of the key reasons the system failed in 2007/2008 Reduces risk for all concerned as everyone will see all loan characteristics in any A/MBS underwriting a CDO - a great step towards "perfect information in a perfect market" Creates jobs in FS industry as technology and business processes would have to be enhanced to accommodate NLIN As it stands, when Asset or Mortgage Backed Securities (A/MBS) are packaged for sale

in the open market, key loan details are sent to the rating agencies for assessment. Lenders fill out an electronic form (which is proprietary for each agency) and then the agency applies its own algorithms to determine such things as the Weighted Average Default Frequency (WADF) and the Weighted Average Loss Severity (WALS) before allocating a "rating" on the MBS(s). However, once the A/MBS is tranched and sold, there is little to go on but the original rating and service agency updates which become more diluted over time. The ASF has taken a step towards NLIN, but it is not enough (only 12 digits with little detail) and it is still "closed" in nature and carries only the raw elements of the loan. The ASF LINC attaches itself to a CUSIP, but over a 25-year period, CUSIPs are reused still leaving too much room for error and confusion. It is this lack of transparency that poses one of the greatest risks to the market and the economy as a whole. The idea of a National Loan Identification Number database is simple in concept (see example attached). If each loan/mortgage, once closed, is registered by the originating lending institution with a central repository and in return is then given a unique serial number (like a Vehicle Identification Number - VIN), then that number can be attached to any sale or partial sale of the loan, no matter how many times it is passed along (also similar to an item description tag on clothes or food). The basic idea is that any buyer or rating agency would be able to read the NLIN and lookup recorded details at the time of origination. Lenders already are doing this in piecemeal fashion; let's make it open, universal and standardized. The reason this works is simple; it is currently possible for an institution to look up and review this data if they unpick all the loans in a "basket", but that requires a lot of labor and time, something that no institution or market has. However, NLIN would automatically provide this information. Once an institution has the data it needs, it can run its own risk assessment algorithms, compare them to rating agency pronouncements, service agency updates and make a better decision to invest or not. Economic history has shown that the more information is shared and is commonly available, the better and more secure the market. Right now, market stabilization is needed to re-establish trust. I trust that we would both like to see a practical and effective means to improve risk management and transparency for all; for the People who need Wall Street to manage and grow their life savings, and Wall Street who needs to demonstrate that it really does care about the ultimate investor. we, the People. To that end, my years working across The Street in compliance and surveillance have shown me that it is possible to reduce systemic
rsk provided the right data is in place for systems to survey. Furthermore, surveillance and monitoring systems need to know what they are looking for and what to look up. My experience with AML and Trade Surveillance in particular leads me to believe a NLIN is possible . How it happens is open to discussion (it could be a government run database chartered and administered by the SEC or it could be owned and run in a similar way the DTCC is established and so on). The data for NLIN to succeed already exists, but it is disbursed and fragmented in various formats throughout many FS institutions. What is required is a national mandate to bring it together in one location, standardized and accessible. Political will is what's needed to make it happen. I do not advocate a dynamic database that would seek to capture updates on the history of a loan, as it would be too cumbersome and onerous to manage. This should be left to the servicing agents. I have followed the government's desire to improve regulations within the financial services industry with great interest and I believe this simple idea will take enforceable regulation in a more relevant direction. It will also stimulate more jobs in Wall Street as institutions will need to modify systems to comply and utilize this data. I look forward to hearing from you in the not too distant future and for a chance

to discuss this in more detail.

Yours sincerely

Alan Morley